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Excise Smart

Indirect Tax | Customs & Global Trade

Indirect Tax

Perspective ⇒ everything



This edition of Excise Smart informs:

- **Importers of fuel levy goods** of a proposed amendment to section 19A of the Act; and
- **Diesel users** of a proposed change to the administration of the Diesel Refund System.

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Importation of Fuel Levy Goods

Background

For some time, there has been some policy uncertainty regarding the regulation by the Customs and Excise Act, 91 of 1964 ("the Act") of the importation of fuel products. During 2015, Section 20(7) of the Act was amended to regulate this type of import.

This amendment reads as follows: "*Where fuel levy goods are imported and not removed to a customs and excise manufacturing warehouse as contemplated in section 19A(4), those goods must, after due entry for warehousing be offloaded into a licensed customs and excise storage warehouse.*"

That amendment, however, never came into operation due mainly to negative feedback from the industry.

Proposed Amendment

The Draft Tax Administration Laws Amendment Bill, 2017, (Section 16(1)) seeks to delete the amendment to Section 20 of the Act.

This draft bill also proposes an amendment to Section 19A of the Act by proposing that Section 19A be amended as follows: "*Notwithstanding anything to the contrary contained in this Act the Commissioner may by rule, in respect of any excisable goods specified in Section A of Part 2 of Schedule No. 1 [**or fuel levy goods or any class or kind of such goods**] manufactured in the Republic or fuel levy goods manufactured in or imported into the Republic or any class or kind of such goods—".*

The purpose of this amendment is to empower the Commissioner to, by Rule, regulate the import of fuel products and the licensing of storage locations for these fuel products. This amendment was required since Section 19A, as it currently reads, only empowers the Commissioner to make rules, under this Section, relating to fuel product manufactured in South Africa.

Proposed Actions

After this amendment is promulgated, SARS will publish draft rules relating to the import and post-importation storage of fuel products.

It will be of value for the fuel industry, including importers and owners/licensees of import storage locations, to pro-actively propose a regulatory structure relating to import and post-importation storage which will take cognisance of the current and future operational and business models in this industry.

Diesel Refund System

Background

During the 2015 Budget Review it was announced that SARS will review the current diesel refund system with the intention of delinking the administration thereof from the current VAT system.

Proposed Amendment

The proposed amendments to section 75(1A) and (4A) of the Act are to start the process of delinking diesel refunds from the VAT system. According to SARS, further proposed amendments to the Act and the rules will be developed and published for public comment in due course.



Deloitte Contacts

Should you require further clarification or assistance regarding:
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